

Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 ISO-00 CAB-02 CIAE-00 COME-00 DODE-00

DOT-00 INR-07 NSAE-00 FAA-00 L-03 SS-15 NSC-05 /053 W

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FM AMEMBASSY LONDON

TO SECSTATE WASHDC 1312

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E.O. 11652: N/A

TAGS: EAIR, UK

SUBJECT: CIVAIR: PROGRESS REPORT ON DISCUSSIONS ON
CHARTER FLIGHTS

1. SUMMARY. DURING FIRST WEEK OF THIRD ROUND OF CHARTER TALKS THE FOUR OUTSTANDING SUBSTANTIVE CHARTER FLIGHT ISSUES, ALL INITIATED BY THE U.K., HAVE BEEN NARROWED TO TWO. U.K. INSISTING THESE TWO, MINIMUM DURATION AND PUBLIC SUBSTITUTION ON U.S. ORIGIN ABC CHARTERS, MUST BE SETTLED MORE RESTRICTIVELY THAN U.S. WAS WILLING TO CONSIDER AT END OF DECEMBER 1976 TALKS. U.S. MAINTAINING THEY SHOULD BE RESOLVED BY ACCEPTANCE OF U.S. RULE CONDITIONS DESIGNED FOR ITS MARKET WITH MONITORING TO PREVENT ADVERSE EFFECTS ON SCHEDULED SERVICES. FURTHER CHARTER DISCUSSIONS CONTEMPLATED BUT AS YET UNSCHEDULED.

2. DURING WEEK OF FEB 28-MARCH 4 USDEL STRESSED POINT THAT FAILURE TO REACH CHARTER UNDERSTANDING FOR 1977 WOULD CREATE SITUATION OF DISAPPROVALS AND COUNTER-DISAPPROVALS WHICH WAS LIKELY TO ADVERSELY AFFECT THE PROGRESS OF SCHEDULED SERVICE TALKS BY INVOLVING, ON U.S. SIDE AT LEAST, MANY OF THE SAME PEOPLE HAVING ROLES IN RENEGOTIATION. IN ADDITION, JOINT WORKING

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GROUP MEETINGS HAD ESTABLISHED THAT THE U.K. FLAG SHARE OF EXPANDED 1977 CHARTER MARKET WAS APPROXIMATELY HALF EVEN THOUGH U.K. ORIGIN MARKET PROMISED TO DECLINE. UNDER ABOVE PERSUASION SHOVELTON SUGGESTED PRIVATE MEETINGS BETWEEN BILLER AND ROGERS.

3. ONE PRIVATE MEETING WAS HELD FRIDAY MARCH 4 ATTENDED

BY CHESN AND BROWN. THAT MEETING MUTUALLY CONCLUDED THAT U.K. ISSUE OF LINKING ACCEPTANCE OF 45 DAY ABC TO 45 DAY APEX WOULD DISSOLVE IN EXPECTED ABSENCE OF CAB DISAPPROVAL OF THIS ASPECT OF IATA PACKAGE. SINCE U.S. WORKING GROUP HAD DEMONSTRATED AFFINITY CHARTERS WERE EXPECTED TO BE LESS THAN 3 PERCENT OF TOTAL U.S.- U.K. CHARTER MARKET IN 1977 ROGERS AGREED TO DROP 45 DAY AFFINITY PRELIST DEMAND IN CONTEXT OF AN ACCEPTABLE DEAL ON U.S. ORIGIN ABCS.

4. REGARDING ABCS ROGERS INSISTED THAT HE MUST SUBMIT ANY COMPROMISE TO ECAC IN ACCORDANCE WITH INTRA-ECAC BINDING COMMITMENT OF JUNE 1975. SINCE IN JANUARY 1977 ECAC HAD REJECTED U.K. PROPOSED COMPROMISE OF 8 DAY MINIMUM DURATION AND 10 PERCENT PUBLIC SUBSTITUTION UNTIL 14 DAYS BEFORE FLIGHT ROGERS STEADFASTLY MAINTAINED HE HAD TO HAVE MORE RESTRICTIVE PACKAGE. ROGERS SUGGESTED 10 DAY MINIMUM DURATION AND EITHER 5 PERCENT PUBLIC SUBSTITUTION UNTIL 14 DAYS BEFORE FLIGHT OR 10 PERCENT PUBLIC SUBSTITUTION UNTIL 21 DAYS BEFORE FLIGHT AS BEST HE COULD SELL TO ECAC. ROGERS FURTHER INDICATES SUBSTITUTION WAS THE MORE IMPORTANT ISSUE AND THAT MINIMUM DURATION WOULD DEPEND ON HOW WE ENDED UP ON SUBSTITUTION.

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5. BILLER EXPLORED POSSIBILITY OF SOMEWHAT RESTRICTIVE ARRANGEMENTS FOR 1977 WITH LIBERALIZATION IN 1978 BUT MET STONE WALL OF U.K.S COMMITMENT TO ECAC TO MAKE NO

ARRANGEMENT BEYOND MARCH 31, 1978. WHEN BILLER THEN ASKED HOW THIS SQUARED WITH MUTUAL INTENTION OF BOTH PARTIES TO LATER NEGOTIATION ON LONGER TERM CHARTER UNDERSTANDING ROGERS INDICATED U.K. WOULD HAVE TO GO BACK TO ECAC PRESUMABLY FOR SPECIAL EXCEPTION BASED ON LINKAGE TO SCHEDULED SERVICE AGREEMENT. ROGERS ALSO SUGGESTED TALKS ON LONGER TERM CHARTER AGREEMENT COULD BEGIN IN JUNE OR JULY, 1977.

6. BILLER DID NOT RESPOND TO THIS SUGGESTION BUT PRESSED THE POINT THAT RESTRICTIONS SHOULD BE RELATED TO DEMONSTRATED NEEDS RATHER THAN IMPOSED A PRIORI ON THE BASIS OF FEARS. ROGERS COMMENTED THAT HE PERSONALLY THOUGHT THE AFFINITY LIMITATIONS TO BE MORE IMPORTANT THAN ABC LIMITATIONS BUT THAT ECAC HAD BEEN PRESSED TOO HARD BY U.S. CHARTER LIBERALIZATIONS IN RECENT YEARS AND WAS UNWILLING TO BE PERSUADED TO ACCEPT STILL MORE. BILLER SUMMED UP POSITIONS REGARDING TWO ABC ISSUES WITH U.S. MAINTAINING THAT MINIMUM DURATION SHOULD BE SEVEN DAYS AND A MECHANISM SHOULD BE SET UP TO MONITOR 10 PERCENT GENERAL PUBLIC SUBSTITUTION UNTIL DEPARTURE. LIMITED OFFICIAL USE

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ROGERS AND BILLER AGREED THEY WOULD DISCUSS SITUATION WITH THEIR OWN PEOPLE AND MEET AGAIN IN AFTERNOON OF MARCH 7, HOWEVER IT IS MOST LIKELY THE MEETING WILL BE POSTPONED UNTIL MARCH 8.

7. ATA AND NACA REPRESENTATIVES HAVE BEEN BRIEFED.

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